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DEPARTMENT OF NATURAL RESOURCES
OFFICE OF MINERAL RESOURCES
STATE MINERAL BOARD

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To Potential Bidders:

Shortly prior to and beginning with the present fiscal year, personnel shortages in the leasing section had necessitated the acceptance and advertisement of nominated tracts without more than a cursory examination of location and other factors affecting the accuracy of the nomination. Because the acreage of nominated tracts was not verified prior to the monthly lease sales, the State Mineral Board adopted a policy of accepting the highest per acre bid for a tract, other factors such as royalty being equal. When the acreage of the bid upon tract was verified after the mineral lease sale the successful bidder was notified of any variance with the advertised acreage and, if the variance added acreage to that advertised an additional payment of the bonus/rental based on the accepted per acre price multiplied by the excess acreage is due, or, if the variance decreased acreage to that advertised a recoupment was due. The State Mineral Board will no longer adhere to the policy of accepting the highest per acre price, other factors being equal, as the sole determining factor in accepting a bid.

Beginning with the November, 2001, mineral lease sale the Board will consider all factors, such as, but not limited to, size of portion bid acreage, royalty bid, the price bid per acre, and additional consideration offered, in examining bids submitted on advertised tracts, and will select for leases those bids which it considers, in its sole discretion, to be in the best interest of the State. There may continue to be variances between the acreage advertised and the actual State owned acreage located within respective tracts. Those variances will continue to be handled in the current manner. We are continuing to work on advertising all tracts accurately as was done before the original changes stated above.

Should you have any questions concerning this change in policy, please contact Rick Heck at (225) 342- 6122 or Gus Rodemacher at (225)342- 4607.